Entering a new stage of growth

Accenture Chinese Consumer Insights 2022

Executive summary

Goodbye, giddy growth: a new pace for the new normal

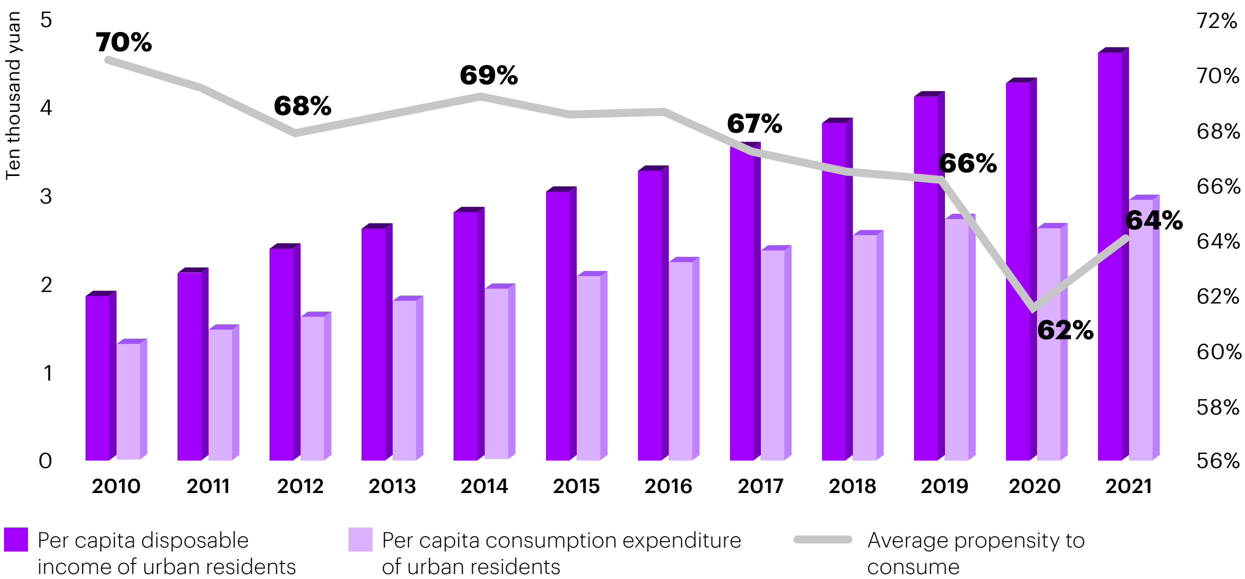
China's economy is entering a new stage, where it is still growing but not at the breakneck speed of previous decades. Double-digit GDP growth that was once the norm has since cooled; the target for 2022 has been set at just 5.5%.[1]

In parallel with the economy's transition toward a new—more sustainable—normal, the Chinese consumer is evolving, spending less but more thoughtfully. Over the past decade, growth in residents' disposable income has slowed, as has consumer spending (see Figure 1). Urban residents' consumption to income ratio fell to a historic low of 62% in 2020 on the back of pandemic-related concerns. Although the ratio recovered to 64% in 2021, it remained below pre-pandemic levels.[2]

Whether it is slowing GDP growth or reduced propensity to consume, it is clear that the Chinese consumer market is no longer in an era of unbridled growth. Rather than a decline, however, this transition marks the maturation of the Chinese consumer as hundreds of millions are lifted out of poverty into the consumer class.

Furthermore, what is "slow" growth for China is still extraordinary growth relative to the rest of the world and the future growth potential of the Chinese consumer market remains immense. For one, China boasts the world's largest middle-income population, which is expected to double from 400 million to 800 million people in the next 15 years.[3] Clearly, the Chinese consumer market cannot be ignored; in fact, understanding how the Chinese consumer is changing will be key to success for any company that operates in the region.

Figure 1: Residents' propensity to consume has continued to decline over the past decade, dropping to a historical low after the outbreak of the COVID-19 pandemic



Data source: WIND, Accenture analysis
Note: Average propensity to consume refers to the ratio of per capita consumption expenditure to per capita disposable income
The percentage labels on the graph are shown as rounded integers

Meeting multi-faceted demands with multidimensional value

As the consumer market enters a new stage, organizations need a new approach, one that meets the multi-faceted demands of increasingly sophisticated consumers. These are the findings of our survey of more than 10,000 Chinese consumers aged 18-65, which showed that both long-term trends and short-term pandemic shocks have changed their values—and spending patterns.

When Accenture initiated its China Consumer Research program a decade ago, we advocated studying the Chinese consumer market from four dimensions: technology evolution, urbanization, inter-generational shifts and social value. Today, we still adhere to a multi-dimensional perspective when seeking to understand the changes in people's lifestyles, consumption mindset and behaviors, the driving forces of those changes and future trends.

Comparing the results of our 2021 Global Consumer Survey with data we have accumulated over the years, a clear picture emerges: Chinese consumers have developed global, multi-dimensional perspectives, shifting their focus from instant gratification to long-term happiness and value. Through insights clustered across five themes, we explore how the Chinese consumer is evolving and how companies need to respond.

Me Economy

Less is More

Master of Time

Tech for Good

Green Growth

01

Me Economy

What does it mean to be a consumer in a collectivist culture? In China, the needs of family members are especially important when it comes to deciding on major purchases that will affect the whole household, such as cars or home appliances. But demographic trends, rising incomes and the possibilities afforded by technology have put profound changes into motion.

When family comes first

Although mass urban migration means that more people than ever live on their own, more than 80% of the respondents in our 2021 survey still live with their families. For these people, the needs of their family members still play an important role in their decision-making process, particularly when budgets are limited. On average, 70% of the consumers surveyed put their families' needs above their own. Even among university students, the proportion is as high as 60%.

One person, one shopping cart

Although family considerations influence the Chinese consumer, the rise of e-commerce platforms has shifted decision-making power from the head of the family to individual family members. In line with this trend of individualization, companies are improving their customer segmentation ability and directly communicating with end users. Both tech-savvy youth and demographically dominant elderly are being targeted with highly customized strategies.

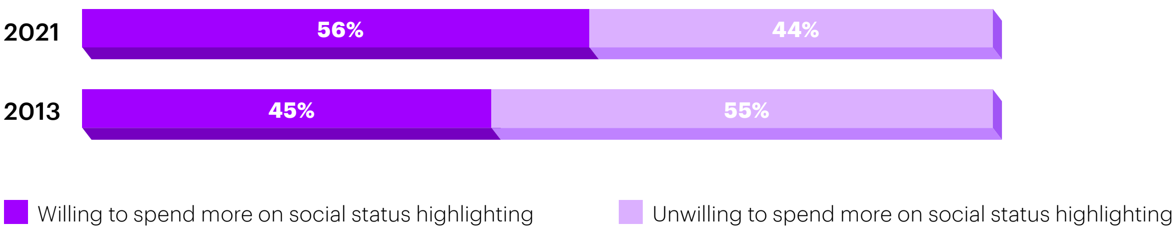
Take the online shopping community, Poizon, for example. Focusing on young adults aged 18 to 31, who account for nearly 90% of their users, Poison has developed a "cycle of addiction" by promoting discussions on fashion and culture, encouraging celebrities to use the app as an exclusive channel for new product launches. In the first half of 2020 alone, nearly 10,000 products under more than 400 brands were launched on the platform, of which nearly 100 were exclusive worldwide launches.[4]

At the other end of the spectrum, older customers are catered for with products and services tailored to meet their needs. Tmall, for example, launched a "venue for elders" for the first time during the November 11 Shopping Spree in 2021, which led to elderly users ranking first among Taobao newbies (23%). First-time middle-aged and elderly users also represented sizable consumer groups on JD.com and Pinduoduo—17.1% and 24.4%, respectively.[5]

From we to me

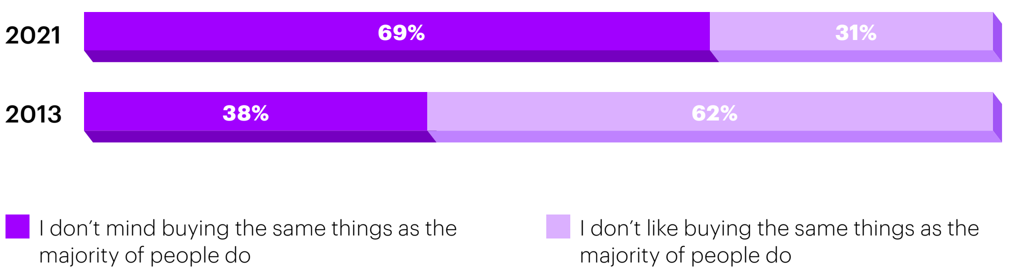
The ongoing reduction in family size, the shift in decision-making power to individuals and the explosion of product offerings have all contributed to the rise of individualism and a growing willingness to spend on "me", not just "we". Indeed, the proportion of consumers willing to increase spending on products that highlight their personal identity rose to 56% in 2021 from 45% in 2013 (see Figure 2). What's interesting is a drastic rise in the number of respondents claiming "I don't mind buying the same things as the majority of people do" from 38% in 2013 to 69% in 2021 (see Figure 3). This indicates that when making a shopping decision, people tend to care about their own needs and preferences (i.e., "I like" or "I will"), rather than the perspectives and comments of others.

Figure 2: Compared to 2013, more consumers are willing to buy products that highlight their personal identity



Questions: (1) Which one of the following two descriptions do you agree more to in 2021? (Single choice); N=10,140; (2) Please state how much you agree to the following remarks back to 2013: Do you agree with the following statement? I am unwilling to buy popular products, and I am more willing to increase spending to buy products that highlight my personal identity. (Single choice); N=3,000
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2013

Figure 3: Compared to 2013, there has been a drastic rise in the number of respondents saying "I don't mind buying the same things as the majority of people do"



Questions: (1) Which one of the following two descriptions do you agree more to in 2021? (Single choice); N=10,140; (2) Please state how much you agree to the following remarks back to 2013: I don't like buying the same things as the majority of people do (Single choice); N=3,000
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2013

Food for thought

As people increasingly make decisions on what to buy for themselves, their individuality is directly reflected in their consumption patterns. Consumption has become a way for people to shape their own style; consequently, they pay attention to their own needs and preferences above the comments of others. However, valuing one's family remains a cornerstone of Chinese culture. This means that people can love themselves, but they are still expected to take care of their family responsibilities. In light of this trend, companies need to consider the following issues:

- **How can we better segment and communicate directly with end users?**
- **Do we meet the true needs of consumers?**
- **Can we account for the fact that consumers play multiple roles as an individual and as a member of a family?**

02

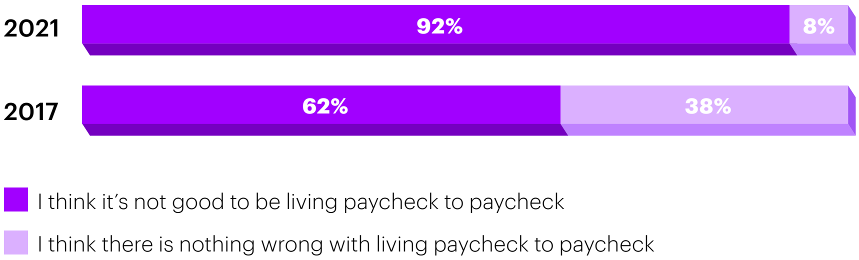
Less is More

Since the outbreak of COVID-19, Chinese consumers have been buying less and considering each purchase more carefully. They now rigorously examine their needs, pay more attention to the value of the things they buy and carry out multi-faceted comparisons to identify the most suitable items across multiple brands and channels.

Return to rationality

The pandemic has fundamentally altered the Chinese consumer's philosophy of consumption, making them more restrained and pragmatic. In 2021, more than 90% of our survey respondents believed that "I think it's not good to be living paycheck to paycheck," an increase of 30% from 2017 (see Figure 4).

Figure 4: Since 2017, there has been a dramatic rise in the proportion of respondents not satisfied with "living paycheck to paycheck"



Questions: (1) Which of the following two descriptions do you agree more to in 2021? N=10,140; (2) Please state how much you agree to the following remarks back to 2017: I think there is nothing wrong with living paycheck to paycheck. (Single choice) N=4,060
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2017

Not swayed by sales

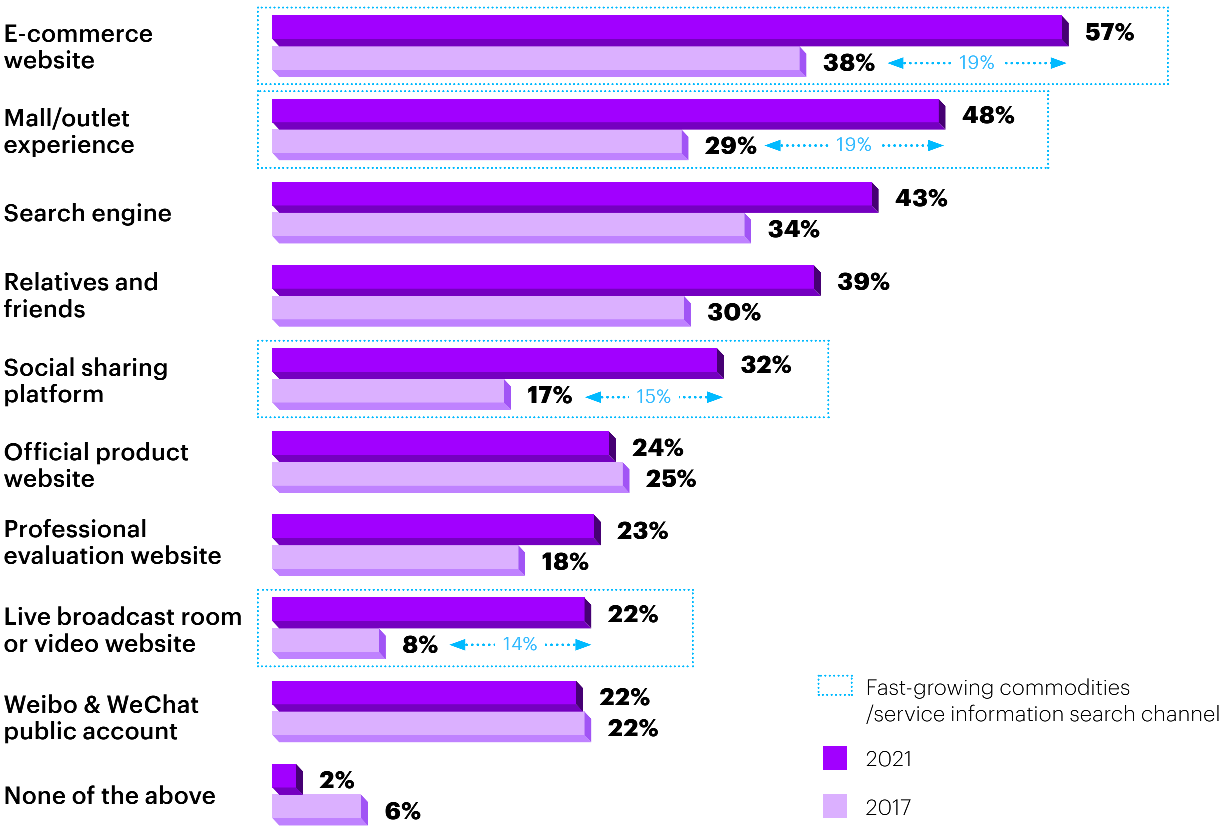
As uncertainties rise, people are more inclined to scrutinize their consumer spending. In a survey of Chinese consumers in June 2021, close to 40% of the respondents did not take part in the 618 Shopping Spree, with the top reason being that they did not want to consume impulsively. Of those who did buy something, over 80% indicated they had prepared a shopping list in advance, suggesting that they were not simply attracted by low prices but looking for value.

Research first, buy later

In addition to restraining their shopping impulses and reducing unnecessary expenditures, people have begun to conduct in-depth research and thorough comparisons before deciding on what to buy. One outcome of this trend is the emergence of "ingredient-holics", particularly in the beauty product market, where the safety and efficacy of products have become the primary focus for discerning consumers. Our 2021 survey findings show that 60% of the respondents will compare the prices of a product on various shopping websites before placing an order, searching for products or services across two to four channels.

As shown in Figure 5, the four major channels that have grown most significantly since 2017 are e-commerce websites, malls/outlets, social sharing platforms and live broadcast rooms/video sharing websites. These shifts reflect big changes in China's consumer market—and in omni-channel sales. The rise of social sharing platforms, along with the "recommend" and "remove from the cart" features that are common in the new normal, have contributed to the rapid growth of new Direct-to-Customer (DTC) brands. Live broadcast rooms and video websites displaying comprehensive product features via anchors have significantly shortened the time consumers have to make shopping decisions. Thanks to such changes, purchasing behavior has become more fragmented.

Figure 5: Channels through which consumers with clear purchase needs search for product/service information



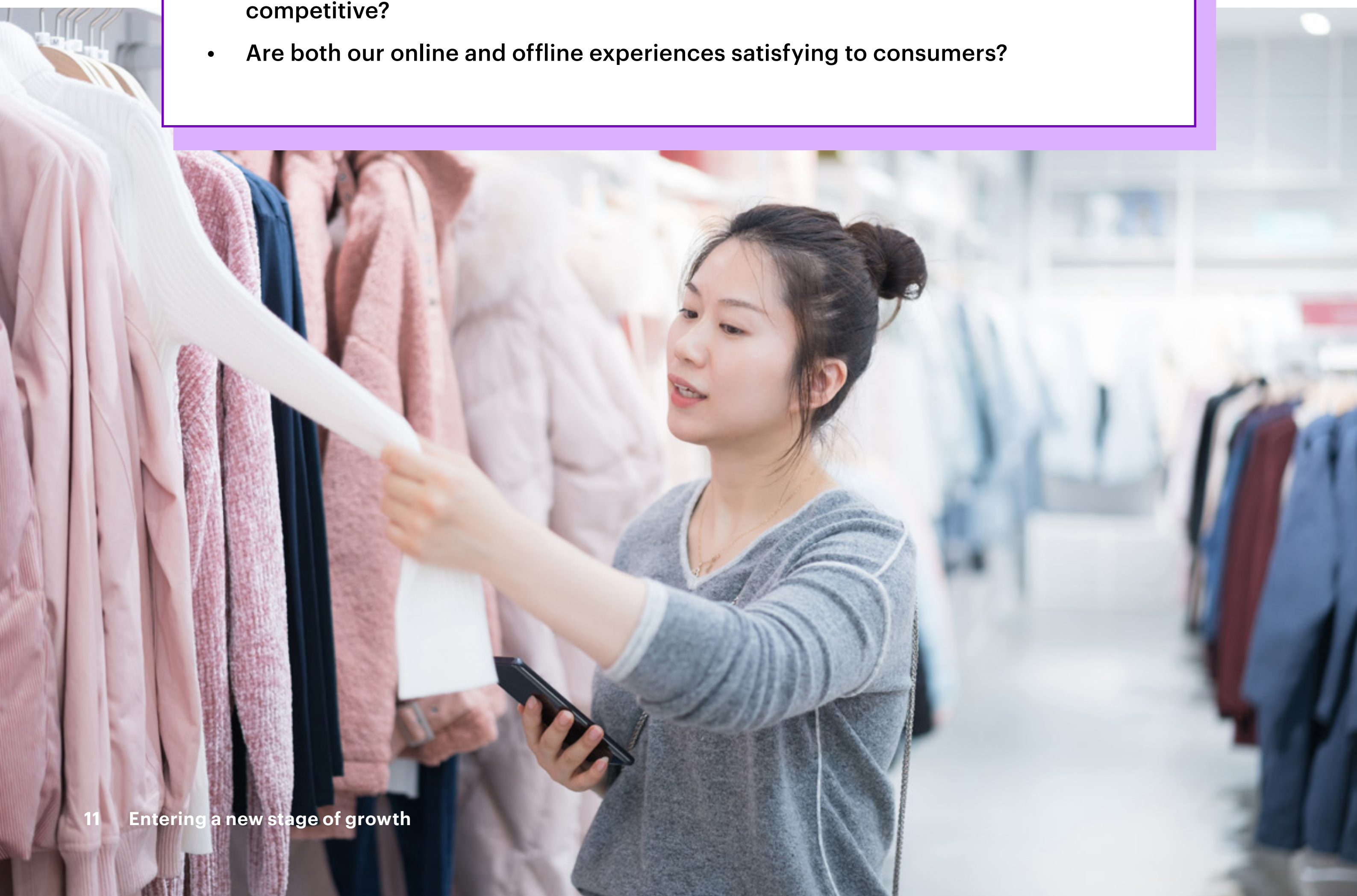
Question: When you have a clear purchase in mind, what methods do you use to access product/service information? (Select up to 5 options)
N=10,140 (2021); N=4,060 (2017)
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2017

The plethora of information channels presents a huge challenge for brands looking to win the attention and loyalty of consumers. In our 2021 survey, approximately 80% of respondents regarded the selection process as an integral part of the consumer experience. Further, consumers prefer to compare various options prior to purchase, with nearly 40% of the respondents agreed with the statement "Even if I have a favorite brand, I will make frequent comparisons across multiple brands".

Food for thought

As consumers take time to prudently consider every shopping decision, they not only create a more precise picture of their own needs, but also develop a comprehensive, in-depth product savviness. Companies must not only improve their product quality and customer experience, but also take into account their product's cost-effectiveness. This requires them to focus on the specific needs of segmented customer groups and scenarios, highlighting the features that consumers care most about. Also, with consumers now accustomed to comparing products across multiple channels, companies must up their game in omni-channel marketing and services. Online and offline experiences that complement each other is a key way to impress rational consumers. To win consumers' hearts and minds, an organization needs to consider the following questions:

- **What features are most valued by our target customers?**
- **Is our brand a symbol of quality? Is the price of our product or service competitive?**
- **Are both our online and offline experiences satisfying to consumers?**



03

Master of Time

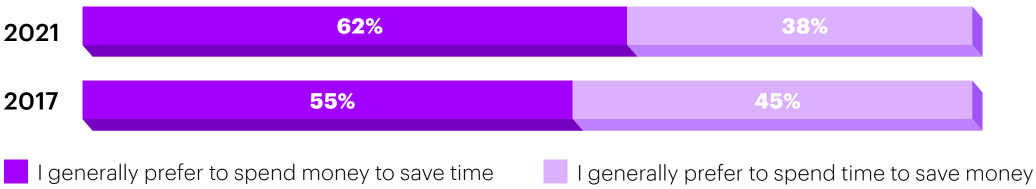
China joined the ranks of upper-middle income economies in 2010. That year marked a turning point when Chinese people began to change their relationship with time, pursuing work-life balance and growing accustomed to paying for services or using online channels to free up spare time. While Chinese people are now spending their spare time in various ways—with family, exercising, exploring the world—one thing is clear: They cherish their leisure time.

The cost of convenience

For a culture that extols the virtues of hard work and efficiency, "leisure" might be unfamiliar pursuit. Compared with people in other countries, Chinese residents have less leisure time, with far fewer paid-time-off days than their counterparts in major developed economies. It's also worth noting that the time Chinese people spend caring for their children and the elderly has increased significantly over the past decade, more than doubling from 0.4 hours to 0.9 hours per day between 2008 to 2018.[6] Working adults, in particular, have very little time for themselves. But all that is changing.

With the rise in living standards and the availability of services, more than 60% of our survey respondents indicated they are willing to buy time and pay for convenience. That's an increase of 7% since 2017 (see Figure 6).

Figure 6: More consumers are willing to "pay for time" since 2017



Questions: (1) Which of the following two descriptions do you agree more to? (Single choice) N=10,140; (2) Please state how much you agree to the following remarks back to 2017: "It's worth paying for time." (Single choice) N=4,060
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2017

A taste for leisure

With rising incomes and a greater willingness to pay for convenience, Chinese consumers are increasingly seeking out leisure opportunities. Companies, on the other hand, seem to have adopted a wait-and-see approach when it comes to investing in creating more leisure offerings, largely due to the long return on investment cycle across the service industry and the impact of the pandemic. As a result, there is untapped growth potential in catering to the demand for leisure, particularly activities that are unique, compelling and convenient.

One enterprise effectively tapping into the demand for leisure is the K11 Art Mall, a revolutionary museum-retail concept in which culture, entertainment, shopping and living all revolve around art. The K11 Art Mall allows the public to experience different local art works and performances while shopping and strolling through various multi-dimensional spaces. In the second half of 2020, the sales of K11 in four mainland cities increased by nearly 35% year-on-year. With the opening of Wuhan's K11 Art Mall II and AVENUE 11, the sales of K11 in the Chinese mainland increased by 50% year-on-year in the first three weeks of December.[7]

Personal—and personalized—experiences

In contrast to the demand for basic needs like food, the hunger for cultural and personal growth experiences is increasing year by year. Take tourism as an example. People no longer brag about how many attractions they have visited. Instead, they are slowing down and paying more attention to the cultural meaning and quality of the attractions they visit. This new mindset places higher requirements for hotel quality and services at scenic spots.

In addition, services targeted at self-improvement have huge growth potential. The number of respondents planning to spend more on personal education and fitness increased by 11% and 7%, respectively, from 2017 to 2021 (see Figure 7). According to the estimates of Forward Business Information Co., Ltd., in 2020, the domestic adult education market reached 1 trillion yuan[8] (US$157 billion) and the fitness industry exceeded 300 billion yuan[9] (US$47 billion).

Figure 7: Compared to 2017, more respondents are willing to invest in their own education and health

Question: In the coming year, which of the following do you expect to invest more in? (Multiple choice) N=10,140 (2021); N=4,060 (2017)
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2017

Growth opportunities exist not only in tourism, education and fitness, but also in the retail sector. If a brand can reward its customers with innovative products and services, and make them feel valued, it can keep them engaged and loyal, thereby increasing its revenue.

DJI doesn't just sell consumer drones; it enables users to have a rich shooting experience supported by specialized software and a dedicated community. On the DJI Fly APP, there are detailed guides to help users with different skill levels overcome technical barriers and focus instead on creativity. Rich creation templates allow users to shoot and cut quickly, while powerful track editing capabilities and an extensive music library help to bring videos to life. After their shoots, users can directly upload their footage to online platforms, communicating, sharing and growing together with the aerial photography community.[10]

Food for thought

As income levels rise, people place more value on leisure and are attracted to products and services that help them save time. Companies can capitalize on this trend in many ways. For example, a well-designed product manual can help consumers learn about the product faster, while more transparent pricing can help consumers make quicker decisions. An efficient customer service system reduces the waiting time for pre-sales or after-sales services. To meet consumers' growing demand for quality leisure time, cultural enjoyment and personal growth, organizations need to consider the following issues:

- **How can we design services for consumers who value time?**
- **How do our target consumers want to enjoy their leisure time?**
- **How can we attract or nurture potential consumers through cultural and/or personal growth experiences?**

04

Tech for Good

Over the past two decades, we've seen the rapid development of technologies and a proliferation of applications. Intelligent life, enabled by always-on digital connections, is no longer a novel concept; it has become the new normal. People now assess the value of technologies along multiple dimensions—not only in terms of the convenience they bring about, but also in terms of the human-centric services they deliver.

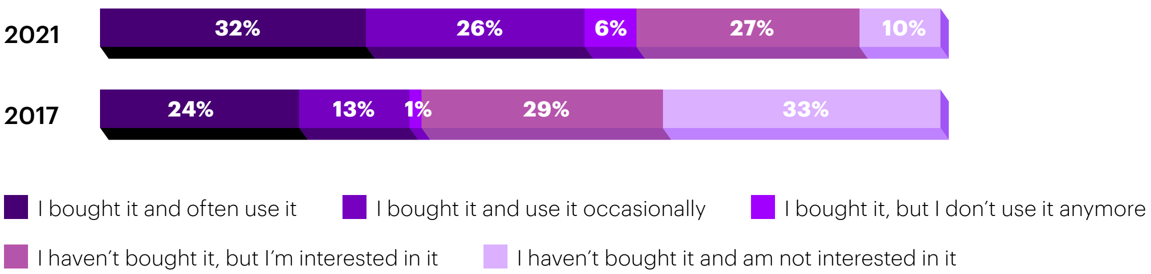
Useful and ubiquitous

Chinese consumers have a strong desire to try new things. They are open and positively inclined to use digital technologies, evidenced by their embrace of a variety of intelligent devices ranging from smart phones to smart homes.

The younger the users are, the longer they spend on their mobile phones. The mobile phone—which enables a range of activities from making payments to planning travel, social networking and carrying out work functions—has almost become an extension of the user's body.

The proliferation of smart home appliances increased substantially from 2017 to 2021. More than 60% of our 2021 respondents purchased them, with half of all respondents using them regularly (see Figure 8). But there is still ample room for growth in the smart appliance market. The relatively low penetration rates of smart appliances in lower-tier cities and the passion for smart products exhibited by people born after 2000 suggest strong potential for the future smart home appliance market.

Figure 8: Compared to 2017, the penetration rate of smart home appliances increased significantly



Question: Have you ever purchased smart home appliances, such as smart speakers, robotic vacuums, smart refrigerators and other home appliances that apply AI or IoT technology? (Single choice) N=10,140 (2021); N=4,060 (2017)
Data source: Accenture China Consumer Survey 2021; Accenture China Consumer Survey 2017

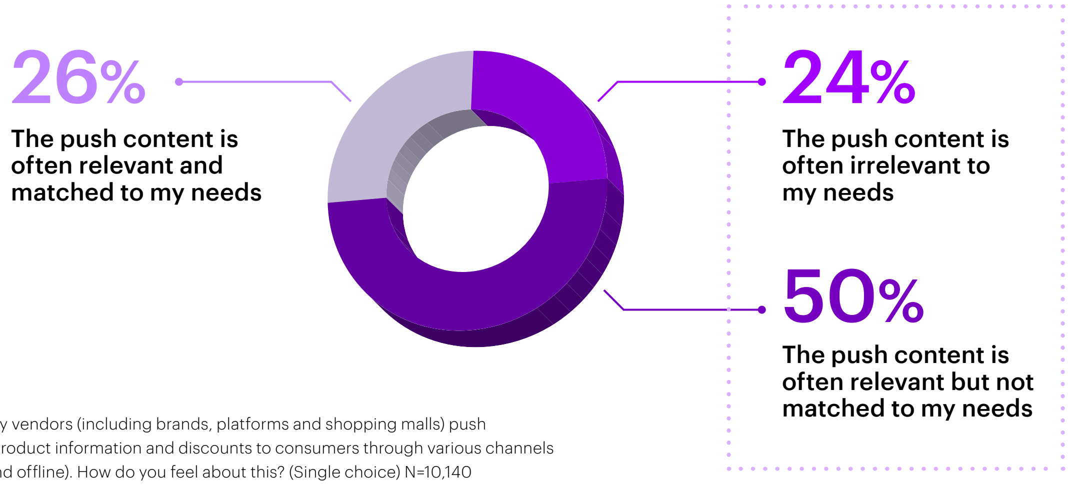
Discerning about devices and data

While they are no strangers to technology, Chinese consumers do not simply accept new technologies unconditionally. Rather, they scrutinize their digital technologies as never before, weighing the pros and the cons. For example, they value the ability to communicate through their mobile phones anywhere and anytime but also recognize that constant and uncontrolled use can cause many problems. "Mobile phone dependence" is an issue for all users, including the elderly and adolescents. Tellingly, more than 70% of our respondents—an increase of nearly 20% since 2017—hope to reduce the time they spend on their mobile phones.

People expect suppliers to upgrade their smart products without sacrificing the health of users and their families. With their "Phone Health" service, Huawei shows how this can be accomplished. The app allows consumers to keep track of how much time they spend on their phones and also set limits on how long the phone will be available. Huawei's smartwatch can remind users to stand up and take a break every hour, and when the user's heart rate exceeds a limit for more than 60 seconds, the watch will vibrate to alert the wearer.[11]

Similarly, while 70% of survey respondents indicated they were willing to share personal data for better services, 50% believed that the push frequency was excessively high, and about 20% thought the content being pushed was completely irrelevant to them (see Figure 9).

Figure 9: Nearly three quarters of Chinese respondents are unsatisfied with the content delivered via push communications



Question: Many vendors (including brands, platforms and shopping malls) push personalized product information and discounts to consumers through various channels (both online and offline). How do you feel about this? (Single choice) N=10,140
Data source: Accenture China Consumer Survey 2021

In September 2021, the Data Security Law of the People's Republic of China was enacted. In force since November 2021, the Personal Information Protection Law of P.R.C sets out specific requirements that companies must follow to protect consumers' data and obtain consumers' consent before pushing content or targeted recommendations. Subsequently, many e-commerce and social platforms have provided users with the option to turn off personalized recommendations and advertisements.

Food for thought

Mobile phones are now necessities and smart products are ubiquitous in households across China. This proliferation has led to a rise in demands for products that not only protect users' health, safety and data privacy, but also deliver humanized services. To meet such demand, companies need to build sustainable competitiveness. From product design to manufacturing and promotion to services, companies need to align their products to the specific needs of consumers and take the initiative to enhance transparency and communication so as to win and maintain the trust of Chinese consumers. While striving for technical superiority in its products and services, an organization needs to consider the following issues:

- **How can we meet the health and safety requirements of users through product and service design?**
- **Does the data we collect and process provide true value to our customers?**
- **Does the product or service we provide consider the inclusiveness of technology?**

05

Green Growth

Chinese consumers are increasingly aware of the impact of their individual behaviors on society and the environment, as well as the importance of sustainable development. Environmental protection is now “cool” and fashionable, and people are willing to devote energy and money to fulfill their sustainability promises. At the same time, people hope that environmental protection will not depend just on individuals’ behaviors. They yearn for a societal response and expect the government and enterprises to play a greater role to achieve a win-win situation that drives both convenience and sustainability.

The awakening consumer

Since China announced its goal of carbon neutrality, people are paying more and more attention to the climate and environmental issues. They are now more aware of the impact their individual behaviors have on society and the planet.

According to Accenture's 2021 Global Consumer Survey, 98% of Chinese respondents recognize the "value of environmental protection and sustainable development, which will influence our own behaviors and product selection." Consumers' attitudes about their consumption are shifting, too, from "I get a good product/service/experience from a business" (the experience as an individual) to "I make the world a better place through my consumption behavior" (the experience as a member of human society).

Universal public participation in environmental protection

More and more young people are choosing an environmentally friendly lifestyle. For them, protecting the environment is cool, trendy and fashionable. Bringing one's own reusable cup when buying coffee, wearing vintage clothes and buying eco-friendly apparel are considered both environmentally friendly and fun. In response to this trend, many brands now provide consumers with easy and interesting options to consume sustainably.

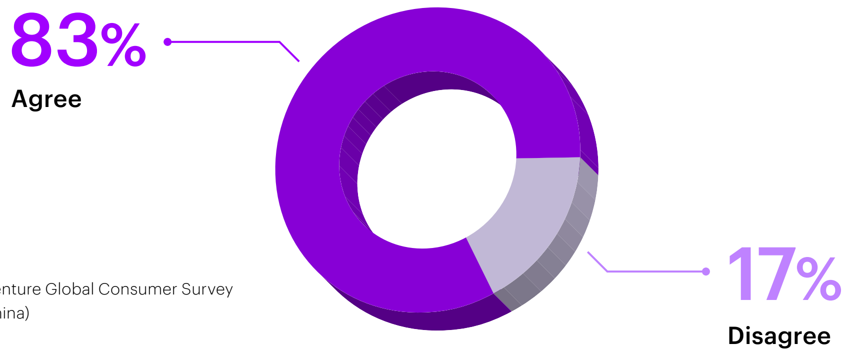
Manner Coffee, a local coffee chain founded in 2015 in Shanghai, offers low-cost, high-quality products. Since opening its first store in 2015, Manner Coffee has encouraged green behaviors. For example, customers get a 5-yuan discount if they bring their own cup, and an 18-yuan discount if they bring their own container when buying coffee beans. Such incentives, which aim to reduce the use of disposable containers, have been widely appreciated by consumers.[12]

Across the country, more consumers are taking action to protect the environment. Given the popularity of environmentally sustainable lifestyles, sales of green products—despite their relatively higher prices—have experienced rapid growth. This is reflected in data from the National Household Appliances Industry Information Center, which shows that high-energy-efficiency and low-energy-consumption home appliances are top sellers in the market. From January to October 2021, the retail sales of energy-efficient refrigerators, air conditioners and washing machines made up 59.3%, 69.3% and 63.6% of category sales, respectively.[13] During the November 11 shopping carnival in 2021, Suning.com actively promoted its old-for-new (trade-in) services and doubled its efforts to promote energy-saving green products. Its omni-channel trade-in sales were up by 74% and its sales of new energy-efficient air conditioners climbed by 69%.[14]

Going green together

Environmental protection is a hot social topic—and one that requires the participation and commitment of multiple parties. Findings from Accenture's 2021 Global Consumer Survey revealed that 83% of Chinese consumers agree that "the entire society, including all organizations and individuals, should begin to move toward sustainability" (see Figure 10). Chinese consumers expect entities to use all means at their disposal to save energy and reduce their emissions.

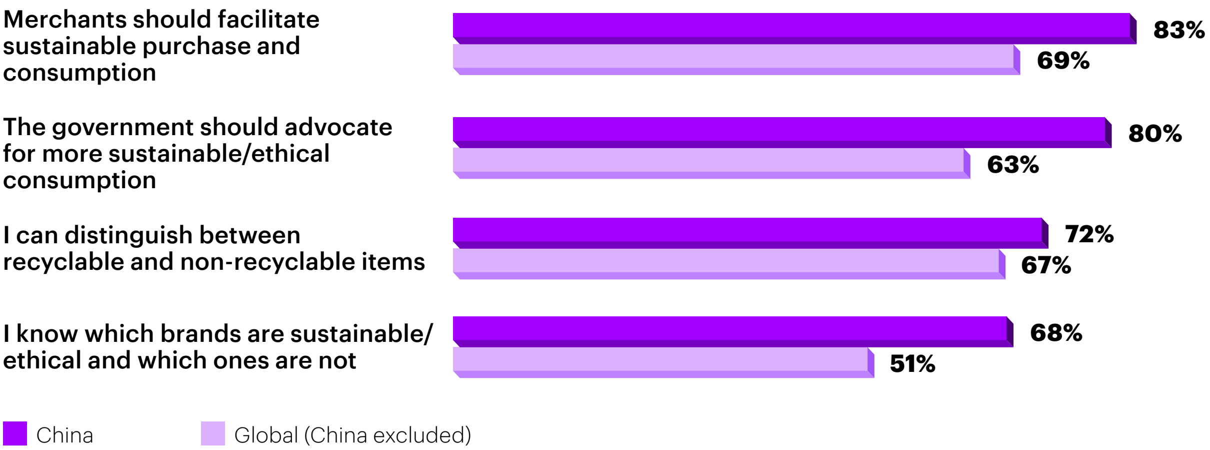
Figure 10: 83% of Chinese respondents agree that "the entire society, including all organizations and individuals, should begin to transition towards sustainability"



Data source: Accenture Global Consumer Survey 2021, N=2,002 (China)

Our results show that consumers increasingly base their purchase decisions on the image, values and mission of brands and businesses. In a recent Accenture COVID-19 survey, 68% of Chinese consumers surveyed believed they were able to identify whether a brand is "sustainable", based on factors like the quality or price of the product, as well as the brands' values and the resulting actions they take. Companies aside, Chinese consumers also expect the government and companies to play a role in protecting the environment. Among the respondents, 83% believe that organizations should provide more convenient options for sustainable consumption and 80% think the government should promote sustainable consumption (see Figure 11).

Figure 11: Consumers expect the government and enterprises to play a greater role in driving sustainability agendas



Data source: Accenture's tenth round of COVID-19 survey (February 25-March 5, 2021), N= 8,833 (Global); N= 820 (China)

Midea, a Chinese household appliance and industrial equipment manufacturer, has integrated an environmental management philosophy into its product life cycle, covering design, production, use, disposal and recycling. The company has not only incorporated energy management capabilities in its production processes through digital technology, but also advocated for green manufacturing throughout the supply chain.[15] These efforts have paid off; after enhancing its green manufacturing capability five years ago, Midea recorded an extraordinary compound revenue growth of 15.5%.

> **Accenture believes that sustainability is the new digital. In the future, every company must strive to be a sustainable company. Their competitiveness and future viability depend on it.**

Food for thought

The green economy has generated a lot of interest globally and is also an idea that holds great appeal to people across China. The concept of sustainable development is subtly changing people's perceptions of consumption, and non-environmentally friendly products and practices will inevitably undermine people's trust in a company or brand. People expect the government and business community to play a greater role in creating a sustainable economy. If a company can establish a mission that is consistent with the interests of consumers, it can cultivate brand loyalty. It can, in short, secure deep, engaging and long-lasting relationships with consumers, whose attitude toward the brand will shift from "a supplier of products I want" to a brand that supports "our" common ideals.[16] Given this trend, an organization needs to consider the following issues:

- **Are we a responsible company in the eyes of consumers?**
- **How can we become more socially responsible, while ensuring growth?**
- **How can we provide consumers with more convenient and interesting environmentally friendly options?**

Unlocking the potential of China's maturing consumers

China is undergoing lightning-fast social changes. Its consumers, who have more choices than ever before, are maturing rapidly. In their purchasing decisions, they are becoming more prudent and acting autonomously. They judge goods and services by functional value, emotional value and long-term returns. They tend to work hard to make a living, but they increasingly crave cultural experiences, entertainment and growth opportunities. Day by day, they are gaining a greater sense of social responsibility. **For all these reasons, we believe China is on the cusp of becoming a mature consumer society.**

As income levels continue to rise and as urban clusters continue to grow, the true consumption potential of Chinese consumers will be unleashed. China's people will intensify their pursuits of commodities, experiences and long-term value. No company can achieve high-quality growth without focusing on the needs and desires of the people they serve. Increasingly, that means providing multi-dimensional value—and formulating long-term strategies and implementation plans to bring that value to life.

We believe three actions will set companies on the right course to capture China's consumption potential:

Be purpose-led

Think about the mission and values of your company from a macro perspective and develop socially responsible strategies and implementation plans. For instance, develop people-oriented applications, reduce the impact of your business activities on the environment, and take steps to contribute to common prosperity.

Accelerate innovation

Gain insights into people's inner desires and quickly adapt to their ever-changing preferences. This means learning from consumers and using those insights to constantly innovate your customers' experiences. A true experience innovation culture requires an organization to not only promote a new purpose, but also reform business practices across the entire organization. Doing both will narrow the gap between the brand promise and the brand experience that is delivered.

Provide multi-dimensional value

Help people solve their problems and strive to make the lives of consumers, employees, suppliers and other stakeholders better. Cultivate long-term, enduring consumer relationships and strengthen consumer confidence in your company and brand. By standing for something bigger than what they sell, companies have the chance to recast their customer relationships and connect with consumers on a deeper level.

About the Research

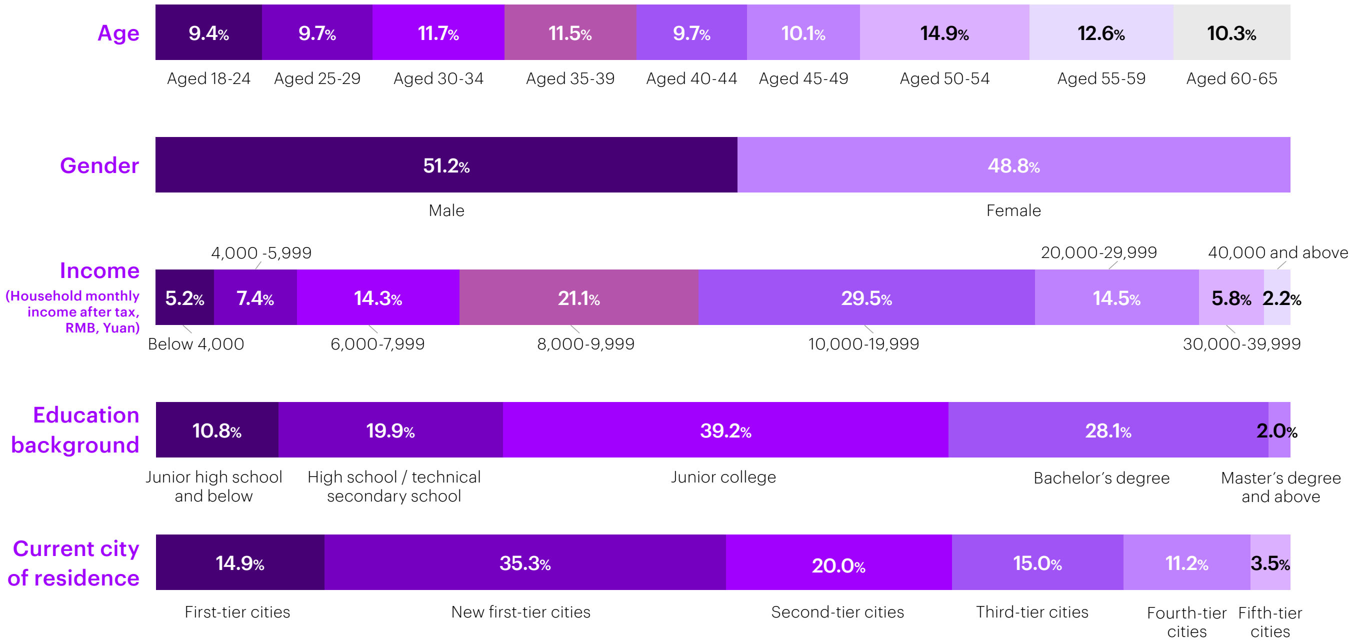
Accenture China Consumer Research 2021

Accenture designed its 2021 China Consumer Research to explore the changes in consumers' behaviors, habits and preferences in a market environment adjusting to the effects of a global pandemic and accelerated digital advances. The research is divided into two parts, qualitative and quantitative.

The qualitative research (conducted in April-May 2021) aimed to identify new consumption trends. The five groups of people interviewed via an online community and online forum included: undergraduates (aged 18-22), young office workers (aged 23-30), young parents (aged 28-35, with children under the age of 6), backbones (aged 35-45, with children over the age of 6). The online community interview targeted two sets of respondents: 20 undergraduates and 24 young office workers. The online forum interview targeted three sets of respondents: young parents, the backbones, and aging seniors—each group consisting of 8 respondents.

The quantitative survey (conducted in June 2021) was carried out via mobile phones. Survey respondents were aged 18-65. The questionnaire, which took about 15 minutes to complete, covered lifestyles, consumption concepts and consumption behaviors. The online consumer questionnaire survey respondents proportionally reflected the demographic data of China's seventh census, which was conducted in October 2020. A total of 10,140 completed surveys were collected, covering 91 cities from the first to fifth tiers nationwide.

The distribution of the quantitative research respondents in terms of age, gender, income, education level and city is as follows:



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